
WAIVERS FROM STRICT COMPLIANCE WITH THE HONG KONG LISTING RULES

The Bank has applied for the following waivers from strict compliance with the Hong Kong Listing Rules.

CONNECTED TRANSACTIONS

The Bank has entered into, and expect to continue after the Listing, certain transactions which will constitute non-exempt continuing connected transactions under the Hong Kong Listing Rules upon the Listing. The Bank has applied to the Hong Kong Stock Exchange for and has been granted by the Hong Kong Stock Exchange, a waiver from strict compliance with the announcement requirement under Chapter 14A of the Hong Kong Listing Rules in respect of these non-exempt continuing connected transactions. For further details, see “Connected Transactions”.

WAIVER IN RELATION TO MANAGEMENT PRESENCE

Rules 8.12 and 19A.15 of the Hong Kong Listing Rules require the Bank to have a sufficient management presence in Hong Kong. This normally means that at least two of the Bank’s executive directors must be ordinarily resident in Hong Kong. Since all of the Bank’s business operations are outside Hong Kong, and all of the Bank’s executive directors ordinarily reside in the PRC, the Bank does not have, and for the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the requirements of the Hong Kong Listing Rules.

Accordingly, the Bank has applied for, and the Hong Kong Stock Exchange has granted the Bank, a waiver from strict compliance with Rules 8.12 and 19A.15 of the Hong Kong Listing Rules on the condition that the following arrangements be made for maintaining regular communication with the Hong Kong Stock Exchange:

- (a) The Bank has appointed Mr. Gao Bing, the chairman and executive director of the Bank, and Mr. Wong Yat Tung, one of the joint company secretaries of the Bank as the Bank’s authorized representatives under Rule 3.05 of the Hong Kong Listing Rules to serve as the Bank’s principal channel of communication with the Hong Kong Stock Exchange. Mr. Wong Yat Tung ordinarily resides in Hong Kong. The Bank has provided the Hong Kong Stock Exchange with their contact details. They can be readily contactable to deal promptly with inquiries from the Hong Kong Stock Exchange, and will also be available to meet with the Hong Kong Stock Exchange to discuss any matters on short notice. As and when the Hong Kong Stock Exchange wishes to contact the directors of the Bank on any matter, each of the Bank’s authorized representatives will have the means to contact all of the directors of the Bank promptly at all times.
- (b) The Bank has required all its directors to provide the Bank’s authorized representatives with (i) their respective office phone numbers, mobile phone numbers, fax numbers and email addresses, and (ii) the phone number of the place of their accommodation if they expect to travel or otherwise be out of the office.
- (c) The Bank has provided the Hong Kong Stock Exchange with the contact details of all the Bank’s directors (including their respective office phone numbers, mobile phone numbers, fax numbers and email addresses) to facilitate the communication with the Hong Kong Stock Exchange. Furthermore, each director who does not ordinarily reside in Hong Kong has confirmed that he possesses or is able to apply for valid travel documents to visit Hong Kong and is able to meet with the relevant members of the Hong Kong Stock Exchange upon reasonable notice.

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- (d) In accordance with Rules 3A.19 and 19A.05 of the Hong Kong Listing Rules, the Bank has appointed Guotai Junan Capital Limited as the Bank's compliance advisor, to act as an additional channel of communication with the Hong Kong Stock Exchange for the period commencing on the Listing Date and ending on the date on which the Bank complies with Rule 13.46 of the Listing Rules in respect of the financial results for the first full financial year commencing after the Listing Date. The Bank's compliance advisor will have access at all times to the Bank's authorized representatives, directors and other officers to ensure that it is in a position to respond promptly to any inquiries or requests from the Hong Kong Stock Exchange concerning the Bank. In addition, the Bank's compliance adviser will also advise on the on-going compliance requirements and other issues arising under the Hong Kong Listing Rules and other applicable laws and regulations in Hong Kong after the Listing Date.
- (e) The Bank will retain a Hong Kong legal adviser to advise the Bank on on-going compliance requirements, any amendment or supplement to and other issues arising under the Hong Kong Listing Rules and other applicable laws and regulations in Hong Kong after the Listing.

WAIVER FROM HONG KONG FINANCIAL DISCLOSURE REQUIREMENTS

Rule 4.10 of the Hong Kong Listing Rules requires the financial information disclosed in this prospectus to be in accordance with applicable financial reporting standards and, in the case of banking companies, the Guideline on the Application of the Banking (Disclosure) Rules issued by the HKMA.

As the Bank is engaged in banking activities, Rule 4.10 of the Hong Kong Listing Rules requires the financial information disclosed in this prospectus to include information set forth in the Banking (Disclosure) Rules.

The Bank is currently unable to fully comply with the disclosure requirements under the Banking (Disclosure) Rules for the reasons described below. The Bank believes that the financial disclosure requirements that the Bank is unable to comply with are immaterial to potential investors.

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The Bank's position in relation to disclosures under the Banking (Disclosure) Rules

Section Number	Disclosure Requirements ⁽¹⁾	Reason for a Waiver in Relation to the Specific Disclosure	Proposal for Disclosure	Expected Timing for Full Compliance
37(2)(c)	An authorized institution shall disclose the value of collateral which has been taken into account in respect of such impaired loans and advances to which the specific provisions relate.	The Bank records the value of collateral at the time of the grant of loans. The Bank internally appraises the value of collateral on a quarterly basis, and may engage professional appraisal institutions to reappraise the collateral if there is any material decrease in its value. The Bank also conducts internal or third-party reappraisal upon the occurrence of any significant risk incidents that could materially affect the value of the collateral or the borrower's repayment ability. The Bank may require borrowers to provide additional collateral or make early repayment if the collateral is significantly impaired. As the Bank has not yet established a collateral management system which can record and process standardized data for collateral, the Bank is unable to collect the relevant data from a large number of hard copies of reports to compile information for disclosure.	For periodical revisit of the change of the value and the status of the value of the collaterals, see "Risk Management of the Bank—Credit Risk Management—Credit Risk Management for Corporate Loans" and "Risk Management of the Bank—Credit Risk Management—Credit Risk Management for Retail Loans."	The Bank plans to establish a collateral management system to record and process standardized data for collateral, which enables the Bank to produce the required information for the year ending December 31, 2018 and going forward.
48(3)(a)	An authorized institution shall disclose a description of any collateral held in respect of the overdue loans and advances and any other forms of credit risk mitigation and, unless impracticable, an estimate of the fair value of such collateral or such other forms of credit risk mitigation.	The Bank records the value of collateral at the time of the grant of loans. The Bank internally appraises the value of collateral on a quarterly basis, and may engage professional appraisal institutions to reappraise the collateral if there is any material decrease in its value. The Bank also conducts internal or third-party reappraisal upon the occurrence of any significant risk incidents that could materially affect the value of the collateral or the borrower's repayment ability. The Bank may require borrowers to provide additional collateral or make early repayment if the collateral is significantly impaired. As the Bank has not yet established a collateral management system which can record and process standardized data for collateral, the Bank is unable to collect the relevant data from a large number of hard copies of reports to compile information for disclosure.	For periodical revisit of the change of the value and the status of the value of the collaterals, see "Risk Management of the Bank—Credit Risk Management—Credit Risk Management for Corporate Loans" and "Risk Management of the Bank—Credit Risk Management—Credit Risk Management for Retail Loans."	The Bank plans to establish a collateral management system to record and process standardized data for collateral, which enables the Bank to produce the required information for the year ending December 31, 2018 and going forward.

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Section Number	Disclosure Requirements ⁽¹⁾	Reason for a Waiver in Relation to the Specific Disclosure	Proposal for Disclosure	Expected Timing for Full Compliance
47	Sector information	The Bank maintains a breakdown of loans and advances to customers by industry sector as set out in the Classification and Codes of National Economic Industries in the Bank's loans system for the purpose of filing returns to the CBRC.	All of the Bank's loans and advances to customers are used in the PRC instead of in Hong Kong. The Bank is subject to the supervision of the CBRC and maintain a breakdown of loans and advances to customers by industry sector based on the classification system as prescribed by the CBRC, e.g., loans are categorized into corporate loans and personal loans which are further classified into detailed subcategories by industry/nature. The Bank has disclosed the loans and advances to customers in industry sectors in accordance with the management reports based on the CBRC classification in Note 23 to the Accountant's Report as set out in Appendix I of this prospectus. The Bank considers the current disclosure to be sufficient to serve HKMA's disclosure objectives.	N/A
50	An authorized institution shall disclose its non-HKD currency exposures which arise from trading, non-trading and structural positions in accordance with the return relating to non-HKD currency positions it submitted to the HKMA pursuant to section 63 of the Banking Ordinance in respect of the annual reporting period.	The Bank's accounts are prepared and denominated in RMB, which means that the Bank only discloses non-RMB currency exposures instead of non-HKD currency exposures.	N/A	N/A

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Section Number	Disclosure Requirements ⁽¹⁾	Reason for a Waiver in Relation to the Specific Disclosure	Proposal for Disclosure	Expected Timing for Full Compliance
53-64	Additional annual disclosure to be made by an authorized institution using STC approach to calculate its credit risk for non-securitization exposures.	The computation basis for risks is promulgated by the CBRC as set out in the Core Indicators (Provisional).	The Bank provides relevant capital structure and adequacy in accordance with the CBRC disclosure requirements. The Bank believes that these requirements serve a similar purpose as the requirements of the Banking (Disclosure) Rules.	N/A

Note:

(1) Refers to the relevant sections under the Banking (Disclosure) Rules for which the Bank is currently unable to provide the required disclosures.

As a financial institution incorporated and based in the PRC, the Bank is required to comply with the regulatory requirements of the CBRC and the PBOC. Certain provisions of the Banking (Disclosure) Rules require disclosure in respect of the Bank's capital structure, capital base (in particular, the information relating to the Bank's level of capital adequacy), international claims, liquidity ratios, PRC mainland non-bank exposures and credit risks. The Bank has maintained and compiled data relating to these matters in accordance with the regulatory requirements of the CBRC and the PBOC. The Bank believes that the regulatory requirements of the CBRC and the PBOC attempt to address similar disclosure considerations as those required under the Banking (Disclosure) Rules and the differences between the above disclosure requirements under the two regulatory regimes are immaterial. If the Bank is required to comply with the requirements under the Banking (Disclosure) Rules in addition to the regulatory requirements of the CBRC and the PBOC, the Bank would be required, in its view, to carry out additional work to collect and compile similar information already required and maintained under the regulatory requirements of the CBRC and the PBOC. Therefore, the Bank proposes to disclose information in compliance with the regulatory requirements of the CBRC and the PBOC instead of strictly following the disclosure regime provided for under the Banking (Disclosure) Rules. The Bank is of the view that this prospectus contains sufficient information for investors to make fully informed investment decision. The Sole Sponsor concurs with the Bank's view based on the reasoning set out above.

Based on the above, the Bank has applied for, and the Hong Kong Stock Exchange has granted the Bank, a waiver from strict compliance with the requirements under Rule 4.10 of the Hong Kong Listing Rules, such that the Bank will not fully comply with the requirements in respect of the financial disclosures provided for under the Banking (Disclosure) Rules on the condition that the Bank provides alternative disclosures in accordance with the regulatory requirements of the CBRC and the PBOC.

WAIVER IN RELATION TO JOINT COMPANY SECRETARIES

Rules 3.28 and 8.17 of the Hong Kong Listing Rules require company secretaries to be individuals who by virtue of their academic or professional qualifications or relevant experience are, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of a company secretary. The Hong Kong Stock Exchange considers the following academic or professional qualifications to be acceptable:

- a member of The Hong Kong Institute of Chartered Secretaries;

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- a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); or
- a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

The Bank has appointed Mr. Yuan Chunyu as one of the Bank's joint company secretaries. Mr. Yuan has been the Bank's executive director and the secretary to the Bank's board of directors since December 2012. Mr. Yuan has extensive knowledge about the Bank's business operations and corporate culture and has extensive experience in matters concerning the corporate governance of the Bank. However, Mr. Yuan does not possess the specified qualifications strictly required by Rule 3.28 of the Hong Kong Listing Rules. As a result, the Bank has appointed Mr. Wong Yat Tung, who meets the requirements under Rule 3.28 of the Hong Kong Listing Rules, to act as the other joint company secretary of the Bank and to assist Mr. Yuan for an initial period of three years from the Listing Date so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Hong Kong Listing Rules.

Mr. Wong will work closely with Mr. Yuan to jointly discharge the duties and responsibilities of a company secretary and assist Mr. Yuan to acquire the relevant experience required under Rule 3.28 of the Hong Kong Listing Rules. In addition, Mr. Yuan will attend trainings to enhance and improve his knowledge of and familiarity with the Hong Kong Listing Rules and other relevant laws, rules and regulations.

The Bank has applied for, and the Hong Kong Stock Exchange has granted the Bank, a waiver from strict compliance with the requirements of Rules 3.28 and 8.17 of the Hong Kong Listing Rules, for an initial period of three years from the Listing Date, on the condition that Mr. Wong is engaged as a joint company secretary to assist Mr. Yuan during this period. If Mr. Wong ceases to render assistance to Mr. Yuan during this period, the waiver will be immediately withdrawn. Upon expiry of the three-year period, the Bank will further evaluate the qualification and experience of Mr. Yuan to determine whether the requirements of Rules 3.28 and 8.17 of the Hong Kong Listing Rules have been satisfied. The Bank and Mr. Yuan would then endeavor to demonstrate to the Hong Kong Stock Exchange's satisfaction that Mr. Yuan, having had the benefit of Mr. Wong's assistance, has acquired the relevant experience within the meaning of Note 2 to Rule 3.28 of the Hong Kong Listing Rules.

WAIVER IN RELATION TO PUBLIC FLOAT

Rule 8.08(1)(a) of the Hong Kong Listing Rules requires that there must be an open market in the securities for which listing is sought and the minimum public float of a listed issuer must at all times be at least 25% of the issuer's total issued share capital. However, Rule 8.08(1)(d) of the Hong Kong Listing Rules provides that the Hong Kong Stock Exchange may, at its discretion, accept a lower percentage of between 15% and 25%, if a new applicant meets the following requirements under Rule 8.08(1)(d) of the Hong Kong Listing Rules:

- (a) the issuer will have an expected market capitalization at the time of listing of over HK\$10 billion;
- (b) the number of securities concerned and the extent of their distribution would enable the market to operate properly with a lower percentage;
- (c) the issuer will make appropriate disclosure of the lower prescribed percentage of public float in the initial listing document;

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- (d) the issuer will confirm the sufficiency of the public float in successive annual reports after listing; and
- (e) a sufficient portion (to be agreed in advance with the Stock Exchange) of any securities intended to be marketed contemporaneously within and outside Hong Kong must normally be offered in Hong Kong.

It is currently expected that the Bank will have a market capitalization of between HK\$17.7 billion and HK\$18.5 billion at the time of Listing (i.e., giving effect to completion of the Global Offering but without taking into account the exercise of the Over-allotment Option).

The Bank has applied to the Hong Kong Stock Exchange to request the Hong Kong Stock Exchange to exercise its discretion under Rule 8.08(1)(d) of the Hong Kong Listing Rules, and the Hong Kong Stock Exchange has granted the Bank a waiver from strict compliance with the requirements under Rule 8.08(1)(a) of the Hong Kong Listing Rules. Therefore, the public float of the Bank may fall below 25% of the total issued share capital of the Bank.

In support of the application, the Bank confirmed to the Hong Kong Stock Exchange that:

- (a) the minimum public float will be the highest of: (i) 16.9% of the Bank's total issued share capital; (ii) such percentage of H Shares to be held by the public immediately after the completion of the Global Offering (assuming the Over-allotment Option has not been exercised); and (iii) such percentage of H Shares to be held by the public immediately after the completion of the Global Offering (assuming the Over-allotment Option has been exercised);
- (b) the Bank will make appropriate disclosure of the lower percentage of public float in this prospectus;
- (c) the Bank will as soon as practicable announce the percentage of the Shares held by the public immediately after completion of the Global Offering (but before the exercise of the Over-allotment Option), such that the public will be informed of the minimum public float requirement applicable to the Bank;
- (d) the Bank will confirm sufficiency of public float in the Bank's successive annual reports after the Listing; and
- (e) the Bank will implement appropriate measures and mechanisms to ensure continual maintenance of the minimum percentage of public float prescribed by the Hong Kong Stock Exchange.

WAIVER IN RELATION TO ALLOCATION OF H SHARES TO EXISTING HOLDERS OF DOMESTIC SHARES AND THEIR CLOSE ASSOCIATES UNDER RULE 10.04 AND PARAGRAPH 5(2) OF APPENDIX 6 TO THE HONG KONG LISTING RULES

Rule 10.04 of the Hong Kong Listing Rules provides that a person who is an existing shareholder of the issuer may only subscribe for or purchase any securities for which listing is sought which are being marketed by or on behalf of a new applicant either in his or its own name or through nominees if the conditions in Rules 10.03(1) and (2) of the Hong Kong Listing Rules are fulfilled. The conditions in Rules 10.03(1) and (2) of the Hong Kong Listing Rules are as follows: (i) no securities are offered to the existing shareholders on a preferential basis and no preferential treatment is given to them in the allocation of the securities; and (ii) the minimum prescribed percentage of public shareholders under Rule 8.08(1) of the Hong Kong Listing Rules is achieved.

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Paragraph 5(2) of Appendix 6 to the Hong Kong Listing Rules provides that, unless with the prior consent of the Hong Kong Stock Exchange, no allocations may be made to directors or existing shareholders of the applicant or their close associates, whether in their own names or through nominees unless the conditions set out in Rules 10.03 and 10.04 of the Hong Kong Listing Rules are fulfilled.

The Bank has applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted the Bank, a waiver from strict compliance with the requirements under Rule 10.04 of the Hong Kong Listing Rules, and its consent under Paragraph 5(2) of Appendix 6 to the Hong Kong Listing Rules to permit the Bank to allocate the H Shares in the International Offering to existing holders of the Domestic Shares and their close associates, subject to the following conditions:

- (a) each existing holder of the Domestic Shares to whom the Bank may allocate the H Shares in the International Offering must hold less than 5% of the voting rights in the Bank prior to Listing;
- (b) such existing holders of the Domestic Shares and their close associates are not, and will not be, core connected persons (as defined under the Hong Kong Listing Rules) of the Bank or any close associate (as defined under the Hong Kong Listing Rules) of any such core connected person immediately prior to or following the Global Offering;
- (c) such existing holders of the Domestic Shares do not have any power to appoint the directors of the Bank or any other special rights in the Bank;
- (d) allocation to such existing holders of the Domestic Shares and their close associates will not affect the Bank's ability to satisfy the public float requirement under Rule 8.08 of the Hong Kong Listing Rules;
- (e) each of the Bank, the Joint Bookrunners and the Sole Sponsor (based on that discussions with and confirmations from the Bank and the Joint Bookrunners) confirm to the Hong Kong Stock Exchange in writing that no preferential treatment has been, nor will be, given to the existing holders of the Domestic Shares and their close associates by virtue of their relationship with the Bank in any allocation in the International Offering; and
- (f) the relevant information in respect of the allocation to the existing holders of the Domestic Shares and/or their close associates will be disclosed in the allotment results announcement.

WAIVER IN RELATION TO BUSINESS ACQUIRED AFTER THE TRACK RECORD PERIOD

Rules 4.04(2) and 4.04(4) of the Hong Kong Listing Rules require a new listing applicant to include in its prospectus the income statements and balance sheets of any subsidiary or business acquired, agreed to be acquired or proposed to be acquired since the date of the latest audited balance sheet of the listing applicant included in its prospectus.

On September 22, 2016, Changbai Mountain Rural Commercial Bank agreed to participate in the restructuring of Huinan Rural Credit Cooperative (輝南縣農村信用合作聯社) into Jilin Huinan Rural Commercial Bank Co., Ltd. (吉林輝南農村商業銀行股份有限公司) (“**Huinan Rural Commercial Bank**”). Each promoter of Huinan Rural Commercial Bank also agreed to purchase an amount of the non-performing loans of Huinan Rural Credit Cooperative in proportion to its proposed shareholding in Huinan Rural Commercial Bank as PRC law requires the non-performing loan ratio of Huinan Rural

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Credit Cooperative to be below a specified threshold before it is permitted to restructure. In that connection, Changbai Mountain Rural Commercial Bank agreed to subscribe for 9.2% of the total issued share capital of Huinan Rural Commercial Bank to become its fifth largest shareholder, and to purchase non-performing loans of Huinan Rural Credit Cooperative (the “**Investment**”). The Bank expects the Investment to be accounted for as available-for-sale financial assets in its consolidated financial statements.

On September 22, 2016, Changbai Mountain Rural Commercial Bank paid RMB47.84 million to purchase an equivalent amount in proportionated value of the aggregate non-performing loans, purchase price of which was principally determined on the basis of (a) the value of the aggregate non-performing loans purchased by all the promoters with reference to the book value as reviewed by a PRC certified public accountants firm, and (b) the proportion of the shares in Huinan Rural Commercial Bank subscribed by Changbai Mountain Rural Commercial Bank. On October 11, 2016, Changbai Mountain Rural Commercial Bank further paid RMB36.8 million to subscribe for 36.8 million ordinary shares in Huinan Rural Commercial Bank upon its incorporation. The purchase of the shares and non-performing loans is funded by Changbai Mountain Rural Commercial Bank’s working capital.

The Bank has applied to the Hong Kong Stock Exchange, and the Hong Kong Stock Exchange has granted the Bank, a waiver from strict compliance with the requirements under Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules in respect of the Investment on the following grounds:

Immateriality

Under Rule 14.04(9) of the Hong Kong Listing Rules, all the applicable percentage ratios in relation to the Investment are substantially below 5%. Accordingly, the Bank considers the Investment to be immaterial in the context of the Group’s operations as a whole and do not expect it to have any material effect on the Group’s business, financial conditions or operations.

Impracticality and undue burden

The current audited financial statements of Huinan Rural Credit Cooperative have been prepared in accordance with PRC GAAP. Strict compliance with Rules 4.04(2) and 4.04(4) of the Hong Kong Listing Rules would require the Bank to prepare audited financial statements of Huinan Rural Credit Cooperative in accordance with the IFRS for the Track Record Period. Upon completion of the Investment, the Bank only expects to be the fifth largest shareholder of Huinan Rural Commercial Bank, holding 9.2% of its total issued share capital. Since the Bank would not be able to exercise any control or any significant influence over Huinan Rural Credit Cooperative, the Bank is unable to compel Huinan Rural Credit Cooperative to cooperate in the preparation of audited financial statements in accordance with the IFRS required by Rules 4.04(2) and 4.04(4) of the Hong Kong Listing Rules.

Alternative disclosure

General disclosure relating to the Investment with reference to the disclosure requirements for a discloseable transaction under Chapter 14 of the Hong Kong Listing Rules to the extent practicable has been included in this prospectus. See “History and Development—Strategic Investments, Acquisitions and Disposals—Acquisition after the Track Record Period” for details.